

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

National Rural Health Mission (NRHM) – Strengthening the Financial Management System at the State, District and Sub-District Levels - Orders - Issued.

HEALTH, MEDICAL AND FAMILY WELFARE (D2) DEPARTMENT

G.O. Ms. No.339,

Dated:4-12--2010.

Read the following:

1. National Rural Health Mission (NRHM) Guidelines of December 2006
2. Report of Family Health International (FHI) on strengthening the Financial Management system of NRHM Societies.
3. G.O. Rt. No. 1316, HM&FW (D2) Department, dated 30.09.2010 appointing Chief Finance Officer of NRHM.

ORDER:

1. The Government of India have launched the National Rural Health Mission (NRHM) to strengthen the health care delivery system in the rural areas. The Mission seeks to operationalise a broadband umbrella programme duly integrating the hitherto vertical health programmes of the Departments of Health and Family Welfare under the aegis of the State Health Society (SHS). One of the critical factors determining the successful outcome of the Mission is the integrity and effectiveness of the financial management system at all operational levels.

2. Several audit reports, reviews, studies, and verification of financial documents/ reports in certain District Health Societies (DHS) have revealed instances of system deficiencies, unacceptable book-keeping practices, unsatisfactory maintenance of essential control records and failure to adhere to the expected accounting standards. The reviews have revealed that the current system is exposed to certain Fiduciary Risks such as: a) Funds not being used for the intended purpose; b) expenditure not properly recorded and accounted for; and c) money being used for purposes that violate the principle of value-for-money objectives of the programme.

3. The Government have carefully reviewed the situation and have decided to **establish an integrated financial management system for NRHM that is effective, transparent, responsive and conform to the established standards of accounting and financial management system**. Accordingly, the **Government hereby order for the establishment of the institutional framework and the procedures / protocols for effective management of NRHM funds** as summarized in the following paragraphs and the Annexure to this order.

4. The Government order that the Director of the National Rural Health Mission (Mission Director) shall have the overall responsibility for effective management of NRHM resources. The Chief Finance Officer (CFO) of NRHM shall assist the Mission Director in efficient management of NRHM finances in a transparent and responsive manner and in conformity with the national accounting standards. The CFO, therefore, shall have the direct responsibility for management of NRHM Funds in strict conformity with the NRHM guidelines, instructions of the Union and the State Governments and the standard accounting principles. The CFO will be in the rank of Joint Director of Treasuries and Accounts Department and shall be head of the NRHM Financial Management Unit (FMU). The CFO shall be assisted by an Accounts Manager, Data Officer, and required number of Accountants and Auditors to ensure effective management of the NRHM funds; and for facilitatory supervision, guidance, capacity development and effective monitoring of funds utilization from the sub-centre to the state level.

5. The Finance Management Unit (FMU) of SPMU shall be staffed by Accountants and Auditors either by obtaining the services of officers with impeccable reputation on deputation from other Government departments like DTA or by contracting their services duly following the NRHM guidelines. While the CFO works under the direct control and supervision of the State NRHM Director, the Officer will keep the Government informed of all matters relating to NRHM finances that carry fiduciary risk through the Commissioner of Health and Family Welfare.

6. The Government hereby order that the District Medical and Health Officer (DMHO), as the Secretary of the District Health Society, shall be directly responsible for the management of NRHM funds at the district level in conformity with the NRHM guidelines and the instructions of the Government issued from time to time. The District Programme Management Unit (DPMU) established for the overall support to DMHO for the management of NRHM shall be responsible for assisting the DMHO with all aspects of NRHM management. The District Financial Management Unit (FMU) shall be responsible for the management of NRHM funds in the district. The NRHM District Programme Management Officer (DPMO), who reports to the DMHO, shall have the overall responsibility for assisting the District Health Society in planning, implementation and monitoring of District NRHM Plan.

7. The Accounts Manager of the DPMU shall be responsible for the management of NRHM funds in strict conformity with the guidelines and instructions of the government issued from time to time. The Accounts Manager shall be assisted by Data Assistant, and two or more Accountants. The Accounts Manager and the Accountants together constitute the Financial Management Unit (FMU) of the DPMU. The FMU shall be responsible for the management of all funds received by the DHS and monitoring the fund utilization by the Implementing Agencies from the sub-centre to the district level.

8. The Government orders that all posts of DPMU-FMU shall be filled by the District Selection Committee chaired by the District Collector, with DMHO, DCHS and District Treasury Officer (DTO) as members and DMPO as the member-convenor, either by obtaining suitable persons through deputation from other departments or by contracting the services of qualified persons duly following NRHM guidelines. Due care shall be taken to ensure that the DPMU is staffed by persons of impeccable reputation. The Accounts Manager of DPMU shall report to the CFO through DM&HO on matters of financial transactions that carry fiduciary risk or of transactions not in conformity with the rules and procedures.

9. The FMU at the state and the district levels shall be responsible for effective management of NRHM funds. The FMU at the state and the district level shall assist the authorities in the formulation of annual budget by ensuring that the process is participatory, realistic and need based. The FMU head shall closely monitor and review expenditure to improve utilization and reduce under spending. The FMU shall compare targets and achievements - both physical and financial, prepare variance analysis reports for inter-departmental action and facilitate appropriate remedial action by the District and State Health Society. The FMU shall undertake comprehensive review of the financial performance on a day to day basis and alert the District and State administration regarding shortfalls, irregularities and recommend remedial measures.

10. The FMU shall ensure compliance with GOI and State Government guidelines on fund management and implement double entry accounting system. It shall impart training to the staff on maintenance of accounts on the desired lines and maintain transparency in cash payments and such other transactions and take immediate follow up action on all audit reports.

11. The NRH Mission Director and the Commissioner of Health and Family Welfare and the District Collectors are instructed to initiate immediate action to implement these orders.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

DR P V RAMESH
PRINCIPAL SECRETARY TO THE GOVERNMENT

To

The Director of National Rural Health Mission (Mission Director)
The Commissioner of Health and Family Welfare
All District Collectors and Chairmen of District Health Society
The Director of Public Health and Family Welfare
The Commissioner of AP Vaidya Vidhana Parishad
The Managing Director of APHMHIDC
The Chief Finance Officer, SPMU, NRHM, Andhra Pradesh.
The Chief Programme Officer, SPMU, NRHM, Andhra Pradesh
All District Medical and Health Officers
All District Coordinators of Health Services of APVVP
The Director of Medical Education / Director of IPM / Commissioner of AYUSH /
Director General of Drug Control Administration / Project Director of APSACS /
Director of Indian Institute of Health & Family Welfare

Copy to:

1. The Secretary to Government of India, Ministry of Health and Family Welfare, Nirman Bhavan, New Delhi
2. The Mission Director, NRHM, Nirman Bhavan, New Delhi.
3. The Director, NIHFW, New Delhi.
4. The Chief Secretary to the Government
5. The Special Chief Secretary, Finance Department
6. The Special Secretary to the Chief Minister
7. The Financial Advisor to the Department of Health and Family Welfare
8. The OSD to Hon'ble Minister (Medical & Health), AP Secretariat, Hyderabad.
9. All Regional Directors of Health
10. The Director of Treasury and Accounts, AP Hyderabad.
11. The OSD / PS to the Principal Secretary to Government, H.M. & F.W. Department
12. All Officers / Sections in HM&FW Dept.
13. SPIU of HM &FW Department

// FORWARDED :: BY ORDER //

SECTION OFFICER.

Contd Annexure.

ANNEXURE TO G.O.Ms..No.339, HM. & F.W. (D2) DEPT., DT.4-12-2010.

S.N.	Activity	Procedure Prescribed by the National RH Mission	Procedure in vogue in the District Health Society (DHS)	Action Ordered by the Government
1	Funds Flow from DHS to CHCs / PHCs and other sub-unit	Transfer should be effected online wherever the ICICI Bank is available. If ICICI	Large delays are noticed in distribution and utilization of funds.	a) All fund transfers shall be effected through Online / RTGS Mode. No Exceptions will be permitted.

	offices	Bank is not available, the amount has to be sent by Real Time Gross Settlement (RTGS).		<p>b) Funds received by the District Health Society should be transferred to the Implementing Agency within five-days from the receipt of request for release of funds in the DMHO office. The DMHO will be personally responsible for delayed release of funds.</p> <p>c) The request for release of funds should be based on approved work plan and budget and submission of Certified Statement of Expenditure (SOE) by the Implementing Agency for not less than 75% of the funds released earlier.</p> <p>d) The NRHM-District Project Management Unit (DPMU) will process all requests for release of funds. The District Finance Officer will submit the file for approval of DMHO through the District Programme Management Officer (DPMO) and the concerned Programme Officer, wherever required. The DMHO office that manages the state budgetary resources shall not deal with NRHM funds. The file for funds release shall not be routed through the routine system of the DMHO Office. The DMHO shall be held responsible for any delay in release of funds.</p> <p>e) The release proceedings should be copied to the Implementing Agency, the head of concerned PHC / CHNC, the district head of the programme concerned, the District Collector, Regional Director and the State NRHM-Director. The Implementing Agency should be notified of the transfer as soon as the funds are transferred through SMS / E-mail.</p>
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2	Drawl of funds/ Cheque Signing Authorities.	<p>Three Joint Signatories common for all programmes for operating the bank accounts under NRHM. Out of which any two designated can jointly sign cheques/ issue electronic instructions for e-banking.</p>	<p>Dist. Collector (HDS, Chairman and District Medical Health Officer of DHS are joint signatories.</p> <ul style="list-style-type: none"> • Funds from ICICI Bank for specific purpose are kept in another account in a Scheduled 	<p>a) The current practice in vogue in some districts is irregular and shall be stopped forthwith. There shall be only one NRHM Account for each District, which shall be jointly operated by the District Coordinator of Hospital Services (DCHS) / the DMHO and the District Collector. All other accounts shall be closed forthwith and money transferred to the NRHM Account.</p> <p>b) All releases from the District</p>

			<p>Bank A/c in the name of DM&HO.</p> <ul style="list-style-type: none"> • Funds are released from this account for utilization. 	<p>Health Society account above Rs 5,000 shall be approved by the District Collector. All such releases shall be in strict conformity with the approved 'NRHM Programme Implementation Plan (PIP) for the financial year.</p> <p>c) The signatories at the district level, authorized to sign the NRHM Cheques / order electronic transfer include: the DCHS, DMHO and the District Collector. In the absence of the District Collector, the Additional Joint Collector may sign the cheque, provided such a delegation is approved by the District Collector. Two of the three authorized persons must sign every cheque / approve electronic transfer. All releases above Rs 5,000 shall be approved by the District Collector on file before the cheque is issued.</p> <p>d) A separate Account will be established by the ITDA Health Society, which will be operated jointly by the Project Officer of ITDA and the DMHO / Deputy DMHO (ITDA). Any expenditure above Rupees five lakhs should be approved by the District Collector / Chairman of ITDA.</p> <p>e) Similarly, all Implementing Agencies should maintain a single account for NRHM funds, which shall be operated by two persons, one of whom should be the head of that office and the other being the Finance Officer.</p> <p>f) The funds meant for APHMHIDC and the APVVP will be released directly to the respective agencies by the Mission Director. These agencies shall establish separate accounts for NRHM funds at all operational levels. The MD of APHMHIDC and the Commissioner of APVVP shall be responsible for the utilization of NRHM funds</p>
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				<p>in conformity with the rules and procedures ordered by the Government. They shall establish submit monthly financial statement in the prescribed format by 10th of the following month to the Mission Director.</p> <p>g) The Village Health and Sanitation Funds will be operated jointly by the Auxiliary Nurse, Mid-Wife (ANM) and the Gram Panchayat Secretary concerned. In the absence of GP Secretary, the Public Health Nurse of the concerned PHC, duly authorized by the PHC Medical Officer shall be the alternative approving authority.</p> <p>h) The Sub-centre development grants (hitherto called untied funds) will be operated jointly by the ANM and the Public Health Nurse of the concerned PHC, duly authorized by the PHC Medical Officer.</p> <p>i) The PHC grants (hitherto called PHC Untied funds) will be operated jointly by the PHC Medical Officer and the Mandal Development Officer (MDO).</p> <p>j) The grants to other Hospital Development Societies (untied funds etc.) will be jointly operated by the Superintendent of the Hospital and the Senior Public Health Officer of CHNC in case of CHC and Area Hospital. Whereas, District Collector will be the co-signatory for the District Hospital Development Society along with the District Hospital Superintendent.</p> <p>k) The CHNC grants will be jointly operated by the Senior Public Health Officer and the Chairman of the Hospital Development Society, which is the referral hospital for the CHNC. The second senior-most medical officer in the CHNC will be the third</p>
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				<p>authorized signatory for release of funds, in the absence of the either of the principal signatories.</p> <p>l) The persons authorized to sign the cheques and transfer funds shall be personally responsible for transparent management of all NRHM funds.</p> <p>m) All expenditure above Rs 10,000 from the hospital society account shall be approved by the HDS, unless the expenditure is of emergency nature that is essential for saving the lives of patients.</p> <p>n) Every person operating the NRHM finances in the district from the village to the district level shall be explicitly authorized by the District Collector. A notification in this regard shall be issued by the DMHO with prior approval of the District Collector and the database shall be maintained by the DPMU and the SPMU.</p>
3	Submission of monthly SOE	Medical Officer of the CHC/ PHC shall submit to CHNC Senior Public Health Officer the monthly SOE within 5 days of the end of the month.	<ul style="list-style-type: none"> • Abnormal delays noticed in submission of SOEs. In some cases, the SOEs not submitted at all. • The expenditure particulars included in the FMRs are not authenticated 	<p>a) The Certified Statement of Expenditure shall be submitted to the Finance Manager of DPMU by all Implementing Agencies by fifth of the following month with a copy to the CHNC Senior Public Health Officer, DMHO and DCHS. The head of the concerned Implementing Agency shall be responsible for any delay in the submission of SOE.</p> <p>b) The DMHO shall submit the SOE for the district duly certified by tenth day of the following month to the Mission Director without fail.</p>
4	Diversion of Funds	Diversion of funds is not permitted.	<ul style="list-style-type: none"> • Large scale diversions from one intervention to another have been noticed. 	<p>a) There shall be no diversion of funds earmarked for approved NRHM Programme Implementation Plan (PIP) to any other purpose under</p>

			<ul style="list-style-type: none"> The diversions were made generally with the approval of the District Collector concerned. 	<p>any circumstances.</p> <p>b) There shall be no diversion of funds from one head to another head of NRHM.</p>
5	Operation of Funds at PHC and Sub-Centre.	Quarterly SOEs duly reconciling with Bank / Post Office to be sent by ANM to the Controlling M.O. in charge within 5 days of the end of the quarter.	<ul style="list-style-type: none"> Not being obtained by the MO concerned. SOEs with the relevant vouchers are however obtained for Annual Audit purpose. 	<p>a) All transactions should be through the Bank / Indian Post. The DMHO shall notify the person authorized to operate the funds and shall maintain a database of all persons authorized to operate the NRHM funds under intimation to the NRHM Director.</p> <p>b) Funds shall be released by the Account Holders duly following the NRHM guidelines and the instructions of Government / NRHM Director issued from time to time.</p> <p>c) The VHSC funds shall be jointly managed by ANM and the GP Secretary. The Sub-centre untied funds will be managed jointly by the ANM and the PH Medical Officer. The ANM shall submit detailed Statement of Expenditure (SOE) to the MO of PHC on 5th of every month at the PHC review meeting (next day if the 5th day is a public holiday).</p> <p>d) The PHC MO, in turn shall scrutinize the accounts and the books of accounts and send the SOE duly countersigned to the DPMU with a copy to the Senior Public Health Officer (SPHO) of CHNC.</p> <p>e) The utilization of funds at the CHNC shall be reviewed by the SPHO of CHNC at the monthly meeting and any discrepancy and delay in the submission of accounts shall be notified to the DMHO with a copy to the NRH Mission Director.</p>

6	Operation of Janani Suraksha Yojana (JSY)	To ensure prompt payment to mothers as an incentive for ANC / Institutional Delivery and Post Natal Care.		<p>a) Effective 1 December 2010, the JSY fund be released to the PHC Medical Officers and the heads of CHC / Area / District and Teaching Hospitals under intimation to the CHNC SPHO by the DMHO once a quarter duly following the principles outlined below.</p> <p>b) The PHC Medical Officer in turn will release the funds to the ANM to be kept in the Sub-Centre Account. The ANM will issue a cheque for one hundred Rupees (Rs 100) to every pregnant mother belonging to BPL family and those belonging to SC / ST (APL and BPL) up on first registration of pregnancy when the MCH Record is issued.</p> <p>c) The second cheque will be issued for another Hundred Rupees upon completion of ANC (four ANC Check-ups, Two TT vaccinations and 100 days of IFA). The cheques will be issued during the MCH Day which will be celebrated on a fixed day twice a month in every village in the presence of the all pregnant and lactating mothers.</p> <p>d) The remaining JSY (amount of Rs 500 in rural and 400 in urban areas) will be paid through a cheque by the head of the Government Health Facility where the woman deliver within 24 hours of delivery provided the woman is above 19 years of age and the delivery is first or second.</p> <p>e) The JSY funds will be released to the concerned health institutions based on the registration of mothers for ante-natal care and the birth-planning. The head of the health facility will be</p>

				<p>responsible for effective use of funds.</p> <p>f) The funds released under JSY for the current year should not be used for payment of arrears accrued from earlier years under any circumstances.</p>
7	Maintenance of Accounts	To maintain Double Entry Accounting System	In majority of the cases Ledgers are not being maintained.	All accounts shall be maintained using the Double Entry System. All Implementing Agencies should maintain both Manual and the Digital Accounts.
8	Maintenance of Registers	<p>To maintain Cash Book - both Manual and Computer aided - for a comparative study.</p> <p>Several accounts, subsidiary records need to be maintained apart from the Registers on Civil Works, Machinery & equipment, Furniture & other non consumable articles, as well as Drugs and medicines, Consumable articles, Advances to NGOs and other Voluntary Agencies, Investments, UCs, Fixed Assets and Register of Loans</p>	<ul style="list-style-type: none"> • Except Cash Book & Cheque issue register, significantly no other registers were maintained 	<p>a) All Implementing Agencies should adhere to the NRHM Guidelines and Maintain all Registers stipulated under the NRHM Guidelines. It shall be the responsibility of the DMHO to ensure that all registers are kept updated.</p> <p>b) The NRHM Mission Director shall print the Registers at the cost of NRHM and supply to all IAs. In addition, CFO of SPMU shall organize training for all the staff responsible for NRHM financial management from the PHC (Medical Officer, Senior Assistant, Pharmacist, etc.), CHNC, District and the State level.</p>

DR. P.V. RAMESH,
PRINCIPAL SECREARY TO GOVERNMENT.

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SECTION OFFICER.